

Message Text

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PAGE 01 STATE 115932
ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 SIG-03 AID-05 CEA-01
CIAE-00 COME-00 FRB-03 INR-10 IO-13 NEA-11
NSAE-00 ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 SS-15 /114 R

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FM SECSTATE WASHDC

TO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

INFO AMEMBASSY ANKARA

AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 115932

PARIS ALSO FOR OECD (INFO)

E.O. 11652: GDS

TAGS: EFIN, TU, OECD

SUBJECT: TURKISH REACTION TO FORMATION OF AD HOC GROUP
OF OECD CONSORTIUM

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 115932

REFTEL: STATE 110526 (NOTAL)

1. SUMMARY: REFTEL, GIVING TURKISH FINANCE MINISTER
MUEZZINOGLU REACTION TO FORMATION OF AD HOC GROUP TO
CONSIDER TURKEY'S REQUEST FOR DEBT RESCHEDULING, IS BEING
REPEATED TO POSTS WHICH WERE NOT ORIGINAL ADDRESSEES. POSTS
ARE REQUESTED TO DRAW ON THE GIST OF THIS REPORT TO EXPLAIN

TURKISH REACTION TO HOST GOVERNMENT OFFICIALS, TO EXPRESS U.S. VIEW THAT CONSORTIUM MEMBERS MAY WANT TO CHANGE LANGUAGE OF MANDATE FOR AD HOC GROUP, WHILE NOT CHANGING THE SUBSTANCE OF THE MANDATE, AND TO SEEK HOST COUNTRY VIEWS.
END SUMMARY.

2. IN DISCUSSION APRIL 30 WITH UNDERSECRETARY COOPER, (REFTEL) MUEZZINOGLU SAID HE WAS EXTREMELY DISTRESSED TO LEARN THAT AGREEMENT REACHED AT APRIL 28 INFORMAL CONSORTIUM MEETING TO ESTABLISH AD HOC GROUP TO CONSIDER TURKEY'S REQUEST FOR DEBT RESCHEDULING. HE WAS PARTICULARLY DISTURBED THAT GROUP'S MANDATE STATED EXPLICITLY THAT CREDITOR CLUB RULES WOULD APPLY. COOPER AGREED THAT EXPLICIT

REFERENCE TO CREDITOR CLUB RULES WAS UNFORTUNATE.

3. ALTHOUGH THE U.S. DOES NOT BELIEVE THAT LANGUAGE OF AD HOC GROUP MANDATE SHOULD BE CHANGED AT THIS TIME, WE ARE OPEN TO CONSIDERATION OF TURKISH DESIRE TO DROP REFERENCE TO CREDITOR CLUB RULES IF THEY DEMAND THIS AT MAY 17 FORMAL MEETING OF CONSORTIUM. U.S. COULD AGREE TO CHANGE IN LANGUAGE AS LONG AS IT IS CLEAR TO THE TURKS THAT THIS CHANGE DID NOT IMPLY ANY CHANGE IN THE FORMAT AND PROCEDURES OF THE AD HOC GROUP. THIS UNDERSTANDING COULD BE REFLECTED IN THE MINUTES OF MAY 17 CONSORTIUM MEETING. SUCH A MODIFICATION WOULD NOT INVOLVE A CHANGE OF SUB-
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 115932

STANCE, BUT THE TURKS WOULD BE ABLE TO CLAIM (FOR DOMESTIC POLITICAL CONSUMPTION) THAT RESCHEDULING WAS BY OECD CONSORTIUM RATHER THAN THINLY VEILED PARIS CLUB.

4. WE ARE AWARE THAT TURKS MAY ATTEMPT TO AVOID CREDITOR CLUB TERMS AS WELL AS APPEARANCES. WHILE U.S. IS FLEXIBLE ON LANGUAGE OF MANDATE, PROVIDED UNDERSTANDINGS ARE REFLECTED IN MINUTES, WE ARE OPPOSED TO COMPROMISE OF CREDITOR CLUB FORMAT AND PROCEDURES.

5. ACTION POSTS ARE REQUESTED TO INFORM APPROPRIATE OFFICIALS IN FINANCE AND FOREIGN MINISTERS OF TURKISH REACTION TO LANGUAGE OF AD HOC MANDATE AND OF U.S. VIEWS OUTLINED ABOVE. WE BELIEVE IT IMPORTANT THAT FOREIGN MINISTRY OFFICIALS BE INVOLVED AS WELL AS FINANCE OFFICIALS WHO AT APRIL 28 MEETING FOCUSED ONLY ON FINANCIAL ISSUES OF RESCHEDULING AND WERE RELUCTANT TO APPROVE SEMANTIC CHANGES IN MANDATE WHICH COULD HAVE MADE IT ACCEPTABLE TO TURKS AS WELL AS CONSORTIUM MEMBERS.

6. OFFICIALS FOR CAPITALS WHO ATTENDED INFORMAL MEETING OF CONSORTIUM APRIL 28 AND WHOM POSTS SHOULD APPROACH ARE:

CANADA - DOUGLAS SHAW; FRANCE - CHEYVIALLE AND PFAUWADEL;
GERMANY - HOY (FINANCE), WESSELY AND SCHNEIDER (ECONOMICS),
AND MATTHES (FOREIGN MINISTRY); SWITZERLAND - LECHOT; AND
U.K. - JOHN MICHELL. USOECD SHOULD INFORM MEMBERS OF
PERMANENT DELEGATIONS WHO ATTENDED APRIL 28 MEETING.
PLEASE REPORT REACTIONS.

7. FOR BONN: DURING FLIGHT TO WASHINGTON FROM MEXICO
CITY, COOPER AND LAHNSTEIN DISCUSSED COOPER'S MEETING WITH
MUEZZINOGLU. LAHNSTEIN AGREED THAT EXPLICIT REFERENCE TO
CREDITOR CLUB COULD BE DROPPED. CHRISTOPHER

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